



Volume 1, Number 3

# California Farmland Conservancy Program

## Focus on Farmland

Newsletter of the CFCP

January 2003

### Read on for news about:

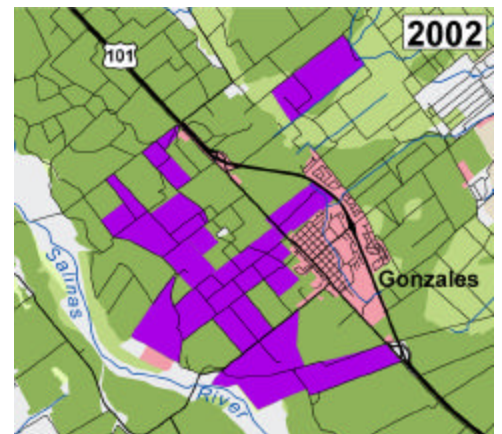
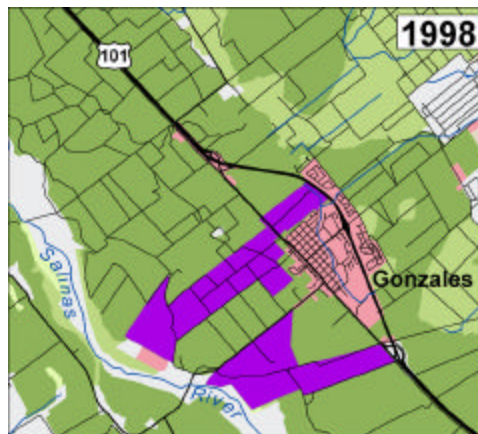
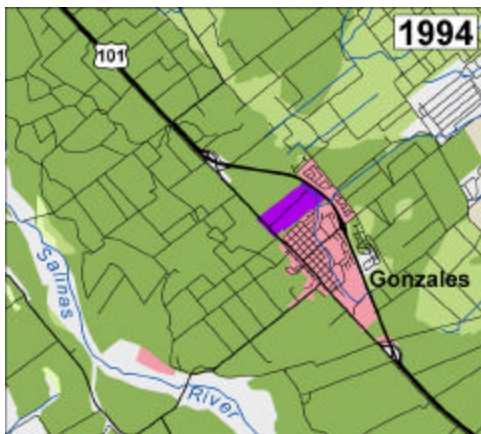
- updates on state & federal funding,
- appraisal guidelines for CFCP applicants,
- recently completed farmland conservation projects,
- potential tax advantages of CFCP easements, and
- changes to the CFCP application process effective January 2003.

### Strategic Efforts Protects Prime Farmland in the Salinas Valley

The Monterey County Agricultural and Historical Land Conservancy was created in 1984 with the mission of preserving the agricultural and historical resources of Monterey County, including agriculture's basic resource — land. The Salinas Valley's unrivaled growing conditions, with its fertile soil and ideal climate, have made it the number one vegetable-producing region in the nation. Nicknamed the "Salad Bowl of the World," the area supplies 80 percent of the nation's lettuces as well as numerous other vegetable crops. However, as workers from the Silicon Valley and Bay Area seek affordable housing, farmland throughout the valley faces development pressure.

Much of MCAHLC's focus over the past 10 years has been on the prime farmland that surrounds cities along Highway 101 on the Salinas Valley floor. MCAHLC's acquisitions around Gonzales are a great example of how, over time, easements can be used as a strategic tool for farmland conservation. In 2002, with funding assistance from the California Farmland Conservancy Program, four additional easements were acquired. A CFCP grant on three additional properties in the vicinity has also been approved.

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*This series of maps of the City of Gonzales (depicted in pink) illustrates the successive efforts to permanently preserve prime farmland (dark green) in the Salinas Valley with agricultural conservation easements (purple). Maps courtesy of the Department of Conservation's Farmland Mapping and Monitoring Program.*

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The 298-acre Fanoe Farm is located just an eighth of a mile north of Gonzales, with only one property between the Fanoe Farm and Gonzales city limits. A new subdivision has pushed the city closer to Fanoe Farm in recent years. Although it is the sixth easement in the vicinity of Gonzales, it is the first easement to the east of Highway 101. The easement was acquired in July 2002 with assistance from a \$1,005,000 CFCP grant.

In October 2002, MCAHLC acquired three easements on an additional 218 acres to the northwest of Gonzales. The properties are all owned by the same family and produce asparagus. A \$373,850 CFCP grant contributed to this purchase. The Packard Foundation provided matching funding for all these recent easement purchases. With the addition of the latest parcels, nine easements directly protect more than 2,000 acres of irreplaceable prime farmland and serve as a buffer between Gonzales and other prime soils beyond.

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## **Delhi Agricultural Conservation Easements “Phase 1” Completed**

The Merced County Farmlands & Open Space Trust (MCFOST), with assistance from the American Farmland Trust, has created easements on three family farms totaling 102 acres near the community of Delhi. Two of the farms grow almonds, while the other grows oat hay and sweet potatoes. The CFCP contributed \$355,750 to match additional funding from the Great Valley Center.

The transaction will help define the future boundaries of Merced County's fastest-growing community. These three easements in combination with one completed in 2000 create a nearly contiguous block of permanently protected farmland a mile wide. The easements are expected to discourage Delhi from expanding south and encourage even more farmland conservation. MCFOST and American Farmland Trust are currently working on a second phase of agricultural conservation easements in the Delhi area to further protect the farmland perimeter of the community.

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## **Funding Updates: Farmland Protection Program**

Changes are in the works for the federal Farmland Protection Program. Most significantly, the name will soon change to the Farm and Ranch Lands Protection Program (FRPP) in order to distinguish it from the repealed Farmland Protection Program and to better describe the type of land the program is to protect.

The Natural Resources Conservation Service (NRCS), which administers the program, is looking at how to best incorporate rangeland into the selection process. The California NRCS has convened a committee to solicit input on this matter. At a meeting in December, the committee provided comments as to what types of criteria might be considered in evaluating rangeland applications. If you are interested in being involved in or attending these committee meetings, contact Jim Kocsis at the NRCS to be added to the mailing list: [jim.kocsis@ca.usda.gov](mailto:jim.kocsis@ca.usda.gov).

Congress has not yet appropriated funds for the FRPP for 2003, though up to \$100 million may be available. As soon as an appropriation is made, NRCS will issue a request for proposals in the Federal Register and on its website, [www.nrcs.usda.gov/programs/fpp](http://www.nrcs.usda.gov/programs/fpp).

The California Farmland Conservancy Program will continue to play a coordination role in submitting applications for federal proposals that also seek CFCP funding. Historically, the request for proposals has included a 45-day deadline for application submissions.

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## CFCP Grant Funding & Application Process

The current year's budget (for the fiscal year ending June of 2003) allocates \$11.7 million in California Farmland Conservancy Program grant funding. The CFCP continues to accept grant applications on a continuous basis (there is no specific application deadline). The existing CFCP Request for Grant Applications (RFGA) remains in effect and can be downloaded from the CFCP's website:

[http://www.conservation.ca.gov/dlrp/cfcf/funding/request\\_grant\\_app.htm](http://www.conservation.ca.gov/dlrp/cfcf/funding/request_grant_app.htm). Hard copies of the RFGA may be requested by contacting the CFCP directly (916-324-0850, [cfcf@consrv.ca.gov](mailto:cfcf@consrv.ca.gov)). As always, grant applicants are encouraged to contact CFCP staff for an early consultation when considering grant requests.

**REMINDER:** Changes to the CFCP statute made by Senate Bill 1864 last year have become **effective January of 2003**. The most immediate change affecting applicants is that applications may be submitted *without a resolution of support from local government, provided that notice has been made to the appropriate local government at least 30 days prior to submission of the application*. Neighboring landowners must still be notified at least 30 days prior to seeking the local governmental resolution of support (Public Resources Code section 10254). For more information on this and other minor changes, see the Public Resources Code and the CFCP website: <http://www.conservation.ca.gov/dlrp/cfcf/funding/> to print a page of updates to the RFGA.

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## CFCP Advisory Guidelines for Appraising Agricultural Conservation Easements

The California Farmland Conservancy Program is putting the final touches on a publication entitled "*Advisory Guidelines for Appraising Agricultural Conservation Easements*". These guidelines provide suggestions for appraisal development that will be useful for appraisers, land trusts, and others seeking to commission conservation easement appraisals on specific agricultural properties.

The preparation of fully developed appraisals is a fundamental component of submitting qualified grant applications to the CFCP. While not intended to replace existing professional standards for appraisal development, the CFCP's advisory guidelines focus on the unique challenges of appraising agricultural conservation easements. The guidelines encourage analyses and narrative descriptions that explain the issues that an appraiser has deliberated upon in developing an opinion of value for a specific proposed agricultural conservation easement. The guidelines strongly recommend that a grant applicant provide an appraiser with an advanced draft of a proposed agricultural conservation easement at the beginning of the appraisal process, and that the appraiser become fully aware of its terms and contents. Some of the key issues in a specific agricultural conservation easement include such variables as the reservation of additional homesites, the treatment of the potential future partition of the subject property, as well as the disposition of water and mineral rights.

The CFCP's *Advisory Guidelines for Appraising Agricultural Conservation Easements* will be available in February 2003. To request a copy, please contact the CFCP at 916-324-0850 (e-mail [cfcf@consrv.ca.gov](mailto:cfcf@consrv.ca.gov)). The Guidelines will also be made available for download on the CFCP's website.

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## Potential Tax Advantages of CFCP Easements

As many landowners have discovered, there can be tax benefits for those who place a conservation easement on their property. Agricultural conservation easements acquired under the provisions of the California Farmland Conservancy Program have unique property tax benefits: in addition to other potential tax advantages associated with the dedication of easements, an agricultural conservation easement created under the CFCP is valued under the same tax provision that applies to land under Williamson Act contract.

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In 1995, Revenue and Taxation Code section 422.5 was enacted, providing that: "open-space land is 'enforceably restricted' within the meaning of Section 8 of Article XIII of the California Constitution if it is subject to an agricultural conservation easement."

Because the only other statutory reference to agricultural conservation easements is that contained within the California Farmland Conservancy statute (Public Resources Code sections 10200 et seq.), section 422.5 appears to be limited in its applicability to those agricultural conservation easements undertaken under the provisions of the California Farmland Conservancy Program.

Valuation under this section provides a benefit to the landowner and the local government in which the easement is located. In addition to the property tax benefits to landowners, the presence of an agricultural conservation easement makes the local government eligible to claim subvention payments from the State under the provisions of the Open Space Subvention Act (Government Code section 16140, *et seq.*). The local government can claim subventions as part of the annual application process. For more information on subventions, see the Department's Williamson Act website at: <http://www.conservation.ca.gov/DLRP/lca/>

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### In Brief:

**Yolo Land Trust closes easement north of Woodland:** the last of 10 "Cache Creek Easements" was recorded in December of 2002, completing a 2,073 acre block of easement-protected farmland. This is one of the largest contiguous blocks of permanently protected prime farmland in the state. The Yolo Land Trust completed the transactions with grants from the CFCP.

**California Farmland Conservancy Program 2003 "Protecting Farmland for Future Generations" calendars** are still available! Please contact Deanna Dobrinen ([ddobrine@consrv.ca.gov](mailto:ddobrine@consrv.ca.gov), 916-324-0850) with requests for calendars. They are available at no cost to our friends in agricultural land conservation, and quantities can be provided to organizations that will make them available to agricultural landowners.

**American Farmland Trust Farming on the Edge Conference**, Asilomar Conference Center, Pacific Grove, CA, March 10-12, 2003. For more information: [http://www.farmland.org/conference\\_2003/](http://www.farmland.org/conference_2003/), or call Doris Mittasch at 413-586-9330 (e-mail: [dmittasch@farmland.org](mailto:dmittasch@farmland.org)).

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We hope you've found the Focus on Farmland useful and informative. Please contact us with any questions or ideas you have for future editions.

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